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METHODOLOGICAL ISSUES

LAND USE, LAND-USE CHANGE AND FORESTRY: DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND REFORESTATION ACTIVITIES UNDER ARTICLE 12

OF THE KYOTO PROTOCOL

Views from Parties on the organization of a workshop, terms of reference and an agenda for work relating to afforestation and reforestation activities under the clean development mechanism (CDM)

Note by the secretariat

Addendum

In addition to the submissions already received and included in document FCCC/SBSTA/2002/MISC.1, a further submission by Uruguay has been received.¹ In accordance with the procedure for miscellaneous documents, this submission is attached and is reproduced in the language in which it was received and without formal editing.

¹ This submission has been electronically imported in order to make it available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

FCCC/SBSTA/2002/MISC.1/Add.1

GE.02-61375

SUBMISSION BY URUGUAY

**Terms of Reference for Development of Modalities and Definitions for
Afforestation and Reforestation Activities under the
Clean Development Mechanism (CDM)**

Note: Complementary proposal of the Government of Uruguay on the organization of the workshop previous to the meeting of SBSTA 16 and on the reference terms and the agenda for the definitions and modalities development for the incorporation of the activities of the afforestation and reforestation projects (A&R) in the Clean Development Mechanism of the Kyoto Protocol Kyoto in its first commitment period (Paragraphs 8-10 of the document FCCC/CP/2001/L.24, Add. 2

Proposals for the elaboration of the reference terms

1 Non permanence:

- Countries hosting CDM projects shall have adequate regulatory frameworks, including preventive measures and penalties for non-compliance, to ensure sink permanence.
- Modalities to be developed shall promote the use of reserve buffer credits either from individual projects or from pools of projects, and the use of insurance mechanisms. The amount of buffers shall vary according to the risk of each project and the quantification criteria shall not affect the economic viability of the activities.
- Carbon credit accounting shall be based on methods reflecting real time stock change of greenhouse gases. The issue of non-permanence shall not be used to delay the issuance of full credits.
- Afforestation and reforestation project lifetime should be longer than CDM projects based on other types of activities (ten years or three periods of seven), therefore carbon storage in long-life wood products is stimulated, and an adequate monitoring of permanence is ensured.
- Carbon emitted in A&R projects by natural disasters or unforeseen human actions shall be measured and communicated to the Executive Board of the CDM to be recorded. The adopted modalities shall minimize unnecessary costs to the projects.

2. Additionality:

- Modalities and rules shall assure that the projects accepted in the CDM are additional. Baselines shall be developed using reliable methodologies that combine historical precedents, legal aspects, and trends in absence of the project.
- Baselines shall be established for the projects boundaries, considering its local data and specific precedents.

- Methodologies for calculating project baselines shall include consideration of early actions that demonstrably include climate change mitigation as a motivation. In these cases, captures after 2000 shall be accounted until the beginning of the first commitment period, as article 12.10 of the Kyoto Protocol establishes.
- Methodologies must include all greenhouse gases.
- Modalities to estimate additionally shall consider high socio-economic impact projects that yet being theoretically profitable, are not implemented as "business as usual" activities, due to limiting others that could be eliminated in the framework of the CDM.
- A&R CDM projects shall offer an opportunity to non Annex I countries to reinforce their forest programs and public policies of sustainable development.

3. Uncertainties:

- Modalities shall reaffirm the principle of the UNFCCC of not using the lack of complete scientific certainty as reason to postpone measures to mitigate climatic change. In most ecosystems and biomes uncertainty can be adequately handled using conservative criteria and statistics tools, as confidence intervals. Uncertainties can be reduced minimizing or eliminating the use of default values. Non Annex I Countries shall strengthen their national research programs, with the necessary cooperation.
- Measurement and the monitoring methodologies of GHG shall promote an optimum combination of the most advanced techniques of fieldwork, use of models and remote perception. However, the methods proposed should be practical and competitive.

4. Leakage:

- Leakages shall be evaluated and recorded, case to case, carefully, since they can affect significantly the effective contribution of the projects to climate change mitigation.

5. Socio-economic and environmental impacts

- Clear principles shall be elaborated to assure that A&R projects do not have negative social impacts.
- Principles and guidelines shall be defined to assess and maximize positive socio-economic impacts, including externalities.
- CDM shall give importance to projects that fulfill one or more of the following conditions: (i) restoration of degraded lands, (ii) control of erosion processes, (iii) use of native species, (iv) promotion of agroforestry, and (v) involve small farmers in associative ways
- Environmental impacts shall be supported certification under accepted standards related to the sustainable forests and natural resources management. Rules and procedures referred to best practices shall be developed.

- There shall be developed principles and modalities to evaluate biodiversity in the situation "without project" and for the adoption of practices for its adequate management in the situation "with project". The conservation of the biodiversity shall be an objective of the A&R projects, according with the purposes of the Biodiversity Convention.
- There shall be developed criteria to prevent perverse incentives to deforestation and afforestation projects that are accomplished substituting indigenous forests shall be excluded of the CDM
